



**IFRS AT A GLANCE**  
**IAS 1 *Presentation of Financial Statements***



# IAS 1 Presentation of Financial Statements

## OVERALL CONSIDERATIONS

### Fair presentation and compliance with IFRSs

Financial statements are required to be presented fairly as set out in the framework and in accordance with IFRS and are required to comply with all requirements of IFRSs.

### Going concern

Financial statements are required to be prepared on a going concern basis (unless entity is in liquidation or has ceased trading or there is an indication that the entity is not a going concern).

### Accrual basis of accounting

Entities are required to use accrual basis of accounting except for cash flow information.

### Presentation consistency

An entity is required to retain presentation and classification from one period to the next.

### Materiality and aggregation

Each material class of similar assets and items of dissimilar nature or function is to be presented separately.

### Offsetting

Offsetting of assets and liabilities or income and expenses are not permitted unless required by other IFRSs.

### Comparative information

At least 1 year of comparative information (unless impractical).

## COMPONENTS OF FINANCIAL STATEMENTS

A complete set of financial statements comprises:

- ▶ Statement of financial position
- ▶ Statement of profit or loss and comprehensive income for the period
- ▶ Statement of changes in equity
- ▶ Statement of cash flows
- ▶ Notes.
- ▶ All statements are required to be presented with equal prominence



# IAS 1 Presentation of Financial Statements

## STRUCTURE AND CONTENT

### STATEMENT OF FINANCIAL POSITION

- ▶ Present current and non-current items separately; or
- ▶ Present items in order of liquidity.

#### Current assets

- ▶ Expected to be realised in, or is intended for sale or consumption in the entity's normal operating cycle
- ▶ Held primarily for trading
- ▶ Expected to be realised within 12 months
- ▶ Cash or cash equivalents.

All other assets are required to be classified as non-current.

#### Current liabilities

- ▶ Expected to be settled in the entity's normal operating cycle
- ▶ Held primarily for trading
- ▶ Due to be settled within 12 months
- ▶ The entity does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months. (R)

All other liabilities are required to be classified as non-current.

- ▶ Information required to be presented on the face of the statement of financial position is detailed in IAS 1.54
- ▶ Further information required to be presented on the face or in the notes is detailed in IAS 1.79-80.

### STATEMENT OF COMPREHENSIVE INCOME

- ▶ An entity presents all items of income and expense recognised in a period, either:
  - In a single statement of comprehensive income
  - In two statements: a statement displaying components of profit or loss (separate income statement) and a second statement of other comprehensive income.
- ▶ Information required to be presented in the:
  - Statement of comprehensive income is defined in IAS 1.82-87
  - Profit or loss as defined in IAS 1.88
  - Other comprehensive income in IAS 1.90-96
  - Further information required to be presented on the face or in the notes to the Statement of Comprehensive Income is detailed in IAS 1.97.
- ▶ Entities must choose between 'function of expense method' and 'nature of expense method' to present expense items
- ▶ Line items within other comprehensive income are required to be categorised into two categories:
  - Those that could subsequently be reclassified to profit or loss
  - Those that cannot be re-classified to profit or loss.

### STATEMENT OF CHANGES IN EQUITY

Information required to be presented:

- ▶ Total comprehensive income for the period, showing separately attributable to owners or the parent and non-controlling interest
- ▶ For each component of equity, the effects of retrospective application/restatement recognised in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*
- ▶ The amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners
- ▶ For each component in equity a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change
- ▶ Amount of dividends recognised as distributions to owners during the period (can alternatively be disclosed in the notes)
- ▶ Analysis of each item of OCI (alternatively to be disclosed in the notes).

### STATEMENT OF CASH FLOWS

Provides users of financial statements with cash flow information - refer to *IAS 7 Statement of Cash Flows*.

### IDENTIFICATION OF THE FINANCIAL STATEMENTS

Financial statements must be clearly identified and distinguished from other information in the same published document, and must identify:

- ▶ The level of rounding Name of the reporting entity
- ▶ Whether the financial statements cover the individual entity or a group of entities
- ▶ The statement of financial position date (or the period covered)
- ▶ The presentation currency used.

### NOTES TO THE FINANCIAL STATEMENTS

- ▶ Statement of compliance with IFRSs
- ▶ Material accounting policy information, estimates, assumptions, and judgements must be disclosed (R)
- ▶ Additional information useful to users understanding/ decision making to be presented
- ▶ Information that enables users to evaluate the entity's objectives, policies and processes for managing capital.

### THIRD STATEMENT OF FINANCIAL POSITION

A third statement of financial position required when an entity changes accounting policies, or makes retrospective restatements or reclassifications:

- ▶ Opening statement is only required if impact is material
- ▶ Opening statement is presented as at the beginning of the immediately preceding comparative period required by IAS 1 (e.g. if an entity has a reporting date of 31 December X2 statement of financial position, this will be as at 1 January X1)
- ▶ Only include notes for the third period relating to the change.

### REPORTING PERIOD

- ▶ Accounts presented at least annually
- ▶ If longer or shorter, entity must disclose that fact.

### (R) AMENDMENTS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE







This IFRS Accounting Standard includes amendments that were issued as at 31 December 2022, but were not yet mandatorily effective. These are identified with an '(R)' suffix. For details of these amendments, please refer to BDO's [IFR Bulletin 2020/1](#) and [IFR Bulletin 2022/07](#).

# Contact

For further information about how BDO can assist you and your organisation, please get in touch with one of our key contacts listed below.

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